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SUBJECT: Lord Kerr on the U.S. - EU Transatlantic Dialogue

¶1. (SBU) Lord John Kerr, Deputy Chairman, Royal Dutch Shell, Advisory Council Member of Business for New Europe (BNE), and former UK Ambassador to the U.S. shared views on the changing nature of the transatlantic dialogue and climate change at a recent BNE-sponsored event.

#### Transatlantic Dialogue

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¶2. (SBU) Lord Kerr said the likely recession in the U.S. could mean protectionist pressures would increase. One impact could be on the pending Senate ratification of the U.S.-UK Defense Trade Cooperation Treaty (DTCT), which was signed in June 2007. Kerr asserted that the DTCT may have a tough time getting ratified in what he characterized as a more protectionist atmosphere. Likewise, the "open skies" civil aviation negotiations may be in for similar scrutiny and difficulty, according to Kerr.

¶3. (SBU) Kerr said that in the recent financial crisis, the U.S. has not looked to the EU as if it were "in charge." As a result, Kerr said successful engagement with the EU now requires that the U.S. view the EU as an equal partner. He added that in the transatlantic dialogue the U.S. will increasingly be faced with the "collective EU position on issues." Kerr highlighted the October 18 Camp David meeting where Presidents Bush, Sarkozy and Barroso exchanged views on the need for a coordinated global response to the economic crisis as an example of the changed nature of the relationship between the U.S. and EU.

#### Climate Change

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¶4. (SBU) "The U.S. will not sign up for Kyoto" said Kerr. He also expressed doubt that the U.S. would follow the 2020 climate change targets for the EU. In his opinion, the political reality in the U.S. is that any discussion of climate change [targets and commitments] requires equality of treatment with China. Politically, no U.S. Member of Congress could support an international agreement on climate change that appeared to give China preferential treatment over the U.S, he said.

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